

## NEWS RELEASE



**FOR RELEASE:** November 9, 2016

**CONTACT:** Wendy Inge  
Labor and Employment Director  
804-786-3224  
Wendy.Inge@doli.virginia.gov

## OVER \$250,000.00 IN BACK WAGES AND PENALTIES COLLECTED ON BEHALF OF VIRGINIA'S WORKERS

**RICHMOND, VA** – Commissioner C. Ray Davenport announced today that former workers from E.F. Couvrette Company (EFCC) have received their back pay - pay the workers earned, in some cases over three years ago.

"We are very pleased that the Department's Division of Labor and Employment Law has been able to successfully collect and distribute back wages to the long suffering former employees of EFCC", said Commissioner Davenport. "Many investigative and legal challenges had to be overcome to reach this important day and we congratulate the former employees of EFCC for their perseverance."

Va. Code §40.1-29, known as the Payment of Wage Act, requires Virginia employers to pay its employees for all work performed on the employees' established pay dates every month. The Virginia Department of Labor and Industry (DOLI) is charged with investigating wage claims filed with the Agency for possible violations of the Payment of Wage Act and collecting back wages on behalf of an employee when DOLI determines a claim valid. DOLI may also assess penalties of up to \$1000 for each violation of the Payment of Wage Act. In addition, an employer who willfully and with the intent to defraud fails or refuses to pay an employee's wages may be charged criminally under the Act.

In July, 2014 DOLI began receiving wage claims from former workers of EFCC in Salem, Virginia. The timeframe covering the period of nonpayment dated back to as early as June, 2013. The claims ranged from a few hundred dollars to tens of thousands of dollars. Workers reported receiving sporadic partial payments for work performed as well as long periods of nonpayment.

DOLI completed its investigation by late 2014 and entered Final Orders against EFCC on behalf of each claimant and docketed each Order in Salem Circuit Court. Around the same time, EFCC ceased operations and EFCC's founder, Edward Couvrette, formed a new corporation, CJWA. CJWA indicated to DOLI it was an entirely separate enterprise from EFCC and therefore under no obligation to pay EFCC workers still waiting to receive back pay.

In early 2015, DOLI discovered all the equipment in use by CJWA was still owned by EFCC. DOLI levied on all the property and a Sheriff's auction was scheduled. On June 16, 2015, one day before the scheduled Sheriff's auction, CJWA filed for Chapter 11 bankruptcy and claimed all of the property to be sold at auction, though titled in the name of EFCC, was actually property of CJWA. The bankruptcy protected all the equipment claimed as CJWA's. The auction was cancelled.

With the assistance of the Office of the Attorney General and the strong support of the Office of the Governor, DOLI procured Special Counsel to represent the Commonwealth on behalf of the workers in the bankruptcy.

DOLI then negotiated with CJWA on behalf of the workers to receive a secured lien on the property that was originally to be sold at public auction.

CJWA could not meet the requirements of a Chapter 11 bankruptcy and the case was converted to a Chapter 7 case in December, 2015. The Chapter 7 trustee held a sale of the equipment in March, 2016. The auction netted sufficient funds to pay all the workers back wages plus interest; however, when the Chapter 7 trustee filed a motion to distribute funds to the Commonwealth, another one of Mr. Couvrette's debtors objected, postponing payment to the workers.

In September, 2016, the Bankruptcy Court overruled the EFCC debtors' objection and issued an order to pay EFCC workers. DOLI received the funds from the Chapter 7 Trustee and EFCC's workers received over \$130,000 in back pay plus interest in late October.

Through the significant investigative efforts of a Virginia State Police Investigator and the Salem Commonwealth's Attorney, Mr. Couvrette was charged with three felony counts of violating Va. Code §40.1-29 for willful failure to pay wages owed EFCC's workers. On October 20, 2016, Mr. Couvrette pled guilty to all 3 counts and received 9 years suspended jail time.

Additionally, the Agency assessed and collected civil monetary penalties in the amount of \$59,552.06.

If you think you have been the victim of wage theft and wish to file a wage claim with DOLI, please visit: [http://www.doli.virginia.gov/laborlaw/laborlaw\\_forms\\_p1.html](http://www.doli.virginia.gov/laborlaw/laborlaw_forms_p1.html)

###